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Robert H. Jackson  
Executive Director-  
Federal Regulatory

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**USWEST**

*Ex Parte*

**RECEIVED**

July 1, 1996

**JUL 1 1996**

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY**

William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222, SC-1170  
Washington, D.C. 20554

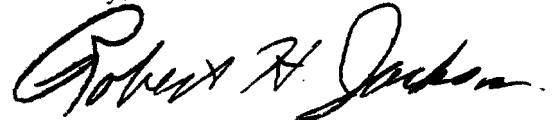
Re: **CS Docket No. 96-184, Telecommunications Services  
Inside Wiring & Customer Premises Equipment**

Dear Mr. Caton:

Today, BB Nugent and the undersigned representing U S WEST met with Meredith Jones, John Logan, JoAnn Luckanick, Lynn Crakes and Larry Walke of the Cable Services Bureau. In this meeting we discussed U S WEST's positions on the issues under consideration in the above-captioned docket. The attached material was left with the Commission. Please include a copy of this letter and the attachment in the record in this proceeding.

Acknowledgment and date of receipt of this letter are requested. A duplicate letter is attached for this purpose.

Sincerely,



Attachment

cc: Meredith Jones  
John Logan  
JoAnn Luckanick  
Lynn Crakes  
Larry Walke

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# **CS Docket No. 95-184**

## ***Telecommunications Services Inside Wiring & Customer Premises Equipment***

**U S WEST, Inc. on behalf of**

**U S WEST Communications**

**&**

**U S WEST Multimedia Group**

# Competition Changes Paradigms

- **U S WEST is an incumbent provider of voice, data and video services:**
  - U S WEST Communications - voice and data.
  - MediaOne - video.
- **However, U S WEST is also a new entrant in these markets:**
  - U S WEST Communications - video.
  - MediaOne - voice and data.

# The FCC's Opportunity

- Regulation of access to customers in multi-tenant properties directly affects:
  - A customer's ability to chose a service provider.
  - A provider's ability to serve potential customers.
- The FCC should promote customer choice and true competition.

# **The FCC Must Ensure Parity of Access**

- **Parity of access is an issue with buildings or campuses that have multiple tenants:**
  - That is, where access is controlled by someone other than the actual customer.
    - » A significant number of U.S. residential customers live in multiple dwelling units - e.g., 32% in Atlanta, 13% in Denver and 25% in Seattle).
    - » Business customers are predominately in multi-tenant buildings.

# **The FCC Must Encourage Facilities-Based Competition**

- **Facilities-based competition may not develop if building owners:**
  - Freely allow incumbents access, but deny access to new entrants.
  - Charge new entrants for access rights given to incumbents at no charge.
  - Charge discriminatory or exorbitant fees.
- **True competition will only exist when facilities-based providers can extend service to every individual tenant who wants service.**
  - That is, when customers can freely choose among all service providers.

# **Examples: Incumbent Has Free Access -- U S WEST Does Not**

- **Building owner demanded a \$50,000 access fee.**
- **Access authorized and installed -- however,**
  - **The new property manager demanded a fee and threatened legal action.**
- **Building owner proposed free CATV service in exchange for building access.**

# **Additional Examples**

- **Building owner demanded a \$10,000 “construction fee” and a monthly fee of \$500.**
- **A building owner insisted on a 50 page lease agreement and demanded 5% of gross revenues.**
- **Building owners insisted on reselling service and increasing prices charged to customers.**
- **Shared tenant provider gained exclusive control of building and demanded fees from the telephone company so it could have access to end users.**



# **The Status Quo Does Not Work**

- **As shown in the previous examples, discriminatory or unreasonable access is a barrier to entry.**
- **Interference with telephone and cable services cannot be allowed -- otherwise customers are denied the ability to choose their service providers.**
  - **That is, building owners cannot be allowed to offer exclusive access or deny access to any provider requested by a tenant of the building.**

# Parity of Building Access Benefits Customers

- Customers will have choices only when providers have access to buildings.
- Customers will have choices only when providers have a level playing field:
  - If a building owner provides access to the incumbent at no charge, then a new entrant should have access at no charge.
  - If a building owner charges for entry, then the charges should be applied in a non-discriminatory manner.
  - Building owners should not be able to deny tenants choices that fee owners have.
    - » Unreasonable access fees result in higher prices to customers or fewer providers.

## **(Background info for Rob Jackson)**

- **With regard to the previous slide entitled “Parity of Building Access” -- make sure that the FCC understands the following:**
  - **In those cases where the existing facilities are owned by the incumbent,**
    - » **If other providers require the use of those facilities, the owner will be fairly compensated for its use through leasing arrangements.**
    - » **This type of arrangement is contemplated in the ‘96 Act since it mandates access to the network elements of an incumbent LEC at any technically feasible point on rates, terms and conditions that are just, reasonable and nondiscriminatory.**
  - **USW’s message: building owners cannot be the last bottleneck to customers choice.**

# **Customers Will Reap the Benefits of True Competition if:**

- **Buildings are accessible and multiple providers can offer service to customers.**
- **New facility-based providers can compete with incumbents and resellers on a level playing field.**
- **Customer prices do not include unreasonable access fees or resale mark-ups.**